

Message Text

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PAGE 01 GUATEM 06564 202159Z

21

ACTION ARA-10

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R 202139Z SEP 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 3199

UNCLAS GUATEMALA 6564

PASS OPIC FOR SCHORR

E.O. 11652 NA

TAGS: EINV, GT

SUBJ: OPIC PROPOSAL TO FINANCE GUATEMALAN VENEER COMPANY

1. IN RESPONSE TO QUESTIONS RAISED BY MARTIN SCHORR, OPIC INVESTMENT OFFICER: A) EMBASSY SEES NO POLITICAL OBJECTION TO EFFORT TO RECONSTRUCT CHAPAS, S.A. INTO VIABLE PRODUCER AND EXPORTER OF WOOD VENEER WITH OPIC FINANCIAL SUPPORT. SCHORR IS AWARE THAT CHAPAS RESTURCTURING MUST ACCOUNT FOR INTERESTS OF DEBT CLAIMANTS AND MEET LEGAL REQUIREMENTS.

B) ACCORDING TO WILLIAMSON, HE HAS IN HIS POSSESSION ALL THE STOCK OF CHAPAS, S.A.; ALL 25 CERTIFICATES - EACH OF 200 BEARER SHARES. NO SHARES HAVE BEEN COMMITTED EITHER FORMALLY OR INFORMALLY TO ANY OTHER PERSONS. DISTRIBUTION OF SHARES DESCRIBED IN WILLIAMSON'S WRITE-UP IS ONLY PROPOSED DISTRIBUTION IF FINANCING COULD HAVE BEEN ARRANGED FROM A COMMERCIAL BANK.

C) THER IS ONE OTHER SMALL VENEER MANJFACTURING AND EXPORTING COMPANY IN GUATEMALA BUT US MARKET FOR TROPICAL WOOD VENEERS IS HUGE SO SECOND PLANT WILL NOT ALTER PRICES.

D. CHAPAS, S.A. WOULD EMPLOY 180 GUATEMALANS, AND WOULD EXPAND EXPORT OF NON-TRADTITIONAL PRODUCT WHICH NOW ENTERS THE US DUTY-FREE UNDER THE GENERALIZED SYSTEM OF PREFERENCES WHEN EXPORTED BY A BENEFICIARY DEVELOPING COUNTRY.

ANDREWS

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